Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Message Text

CONFIDENTIAL

PAGE 01 HAVANA 00439 181537Z
ACTION ARA-14

INFO OCT-01 EUR-12 EA-10 ISO-00 CIAE-00 DODE-00 PM-05
H-01 INR-10 L-03 NSAE-00 NSC-05 PA-01 SP-02
SS-15 USIA-06 EB-08 TRSE-00 AGRE-00 OPIC-03 IGA-02
/098 W
----------095804 181543Z /43
R 171349Z FEB 78
FM USINT HAVANA
TO SECSTATE WASHDC 1206
INFO AMEMBASSY BUCHAREST
AMEMBASSY MANILA
AMEMBASSY MOSCOW
USDOC WASHDC

C O N F I D E N T I A L HAVANA 0439

EO 11652: GDS
TAGS: ETRD EPAP EEWT CU RO
SUBJ: ROMANIAN-CUBAN ECONOMIC RELATIONS

1. USINT OFFICER, FEBRUARY 16, CALLED ON ROMANIAN COMMERCIAL COUNSELOR (TOADER) FOR GENERAL DISCUSSION OF CUBAN-ROMANIAN ECONOMIC RELATIONS. TOADER INDICATED THAT 1978 CUBAN-ROMANIAN COMMERCIAL PROTOCOL HAS NOT BEEN SIGNED, NOR WILL IT LIKELY BE SIGNED IN NEAR FUTURE.

2. TOADER INDICATED THAT CUBAN-ROMANIAN PROBLEMS BEGAN IN 1975 AFTER ROMANIAN FLOODS. AT THAT TIME, ROMANIA REQUESTED TEN THOUSAND METRIC TONS OF ADDITONAL SUGAR (ABOVE PREVIOUSLY AGREED FIGURE) FROM CUBA. BECAUSE OF HIGH FREE MARKET PRICES, CUBA REFUSED TO SUPPLY SUGAR. ROMANIA, THERFORE,TURNED TO PHILIPPINES AND SIGNED FOUR YEAR SUGAR AGREEMENT. BY 1980 (AFTER PHILIPPINES AGREEMENT TERMINATES), ROMANIANS EXPECT TO HAVE DOMESTIC PRODUCTION OF ONE MILLION TONS OF SUGAR ANNUALLY - ENOUGH TO SATISFY DOMESTIC NEEDS.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 HAVANA 00439 181537Z

3. NO COMMERCIAL AGREEMENT WAS SIGNED WITH CUBANS IN 1977 NOR HAS ONE BEEN SIGNED IN 1978 BECAUSE OF BASIC DISAGREE-MENT ON PRICES. CUBANS ARE INSISTING THAT ROMANIANS PAY SAME ABOVE-MARKET PRICE FOR CUBAN EXPORTS AS OTHER COMECON EE COUNTRIES(OUTSIDE USSR) -325 RUBLES PER TON FOR SUGAR AND 4600 RULES PER TON FOR NICKEL SINTER. CUBANS ALSO WANT ROMANIAN MACHINERY AND SPARE PARTS EXPORTS TO BE PRICED AS

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

"BEFORE" - THAT IS, IN ACCORDANCE WITH PRICES CHARGED N
1972 THROUGH 1974. ROMANIANS, FOR THEIR PART, HAVE ONLY BEEN
WILLING TO OFFER PRICING FORMULA BASED ON AVERAGE FREE MARKET
PRICE OF GODS EXPORTED AND IMPORTED BY CUBA FROM ROMANIA
DURING FIVE YEAR PERIOD PRECEDING AGREEMENT DATE. (COMMENT:
THAT IS, IN THIS CASE, THE FIVE YEARS PRECEDING 1978. THIS
PARALLELS COMECON PETROLEUM PRICING FORMULA.)

4. ABOVE-CITED PRICING FORMULA HAS BEEN COMBINED WITH
ROMANIAN OFFER OF 40 MILLION RUBLE NON-PROJECT-TIED COMMER-
CIAL CREDIT FOR FIVE YEAR PERIOD. (TERMS OF PROPOSED CREDIT
WOULD BE NO GRACE PERIOD, 4.5 YEARS REPAYMENT PERIOD 4 PERCENT
INTEREST.) CUBANS WILL NOT BE ABLE TO DRAW ON CREDIT,
HOWEVER, UNTIL COMMERCIAL PROTOCOL SIGNED.

5. TOADER, SAID, SO FAR, CUBANS HAVE NOT FOUND OFFERED TERMS
ACCEPTABLE. THEREFORE, ROMANIAN DELEGATION THAT WAS
SCHEDULED TO COME HERE TO NEGOTIATE 1978 AGREEMENT HAS
POSTPONED ITS TRIP.

6. DESPITE IMPASSE, SOME TRADE HAS TAKEN PLACE. ROMANIANS
HAVE FELT "MORALLY OBLIGED" TO SUPPLY SPARE PARTS AND
MACHINERY (AT 1972-74 PRICES) FOR PROJECTS ALREADY INSTALLED.
THUS, IN 1977, EVEN IN ABSENCE OF COMMERCIAL AGREEMENT,
ROMANIANS EXPORTED MERCHANDISE VALUED AT 7 MILLION TRANS-
FERABLE RUBLES. (COMMENT: TOADER SAID TRANSFERABLE RUBLE
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 HAVANA 00439 181537Z

BALANCES EARN 2 PERCENT ANNUAL INTEREST IN COMECON BANK.
HE WOULD NOT INDICATE, HOWEVER, WHAT MAXIMUM TRANSFERABLE
RUBLE BALANCE COULD BE ACCUMULATED WITH CUBA.) CUBAN EXPORTS
TO ROMANIA IN 1977 WERE ZERO RPT ZERO.

7. WHILE 1977 COMMERCIAL EXPORTS WERE NON-EXISTENT, TOADER
ADDED THAT CUBANS EXPORTED (UNSPECIFIED SUMS OF) SUGARD AND
NICKEL TO PAY BACK CREDITS EXTENDED BY ROMANIA IN 1968 AND
1969 FOR CONSTRUCTION OF THIRTY PETROLEUM DRILLING INSTALLA-
TIONS (VALUED AT 30 MILLION DOLLARS) AND ONE CEMENT PLANT
(VALUED AT 65 MILLION DOLLARS.) PURSUANT TO OLD AGREEMENTS,
SUGAR AND NICKEL FOR CREDIT PAYBACK ARE PRICED IN ACCORDANCE
WITH CURRENT FREE MARKET PRICES.

8. TOADER SPECIFIED THAT THERE ARE NO ROMANIAN TECHNICIANS
CURRENTLY IN CUBA. HE SAID THAT, WHILE ROMANIANS HAD
FORMERLY HELPED IN ON AND OFFSHORE PETROLEUM EXPLORATION,
SOVIETS NOW COMPLETELY EXERCISE THIS FUNCTION.

9. COMMENT: TOADER'S STATEMENTS ON CUBAN PRICE DEMANDS
FOR THEIR EXPORTS ECHO COMPLAINTS OF OTHER LOCAL EE TRADE
OFFICIALS. WE HAVE NOT PREVIOUSLY HEARD, HOWEVER, ABOUT

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

CUBAN DEMANDS THAT PRICES FOR THEIR IMPORTS FROM EE BE HELD TO PRE-OIL CRISIS LEVELS. (TOADER SAID THAT CUBANS JUSTIFY THESE DEMANDS AS FORM OF "COMRADELY" ASSISTANCE TO "UNDERDEVELOPED COUNTRY".) ROMANIA, UNILIKE OTHER EE'S, APPARENTLY HAS SUFFICIENT FLEXIBILITY TO REJECT CUBAN IMPOSITIONS. (FYI TOADER SAID THAT ROMANIAN AND CUBAN POLITICAL DIFFERENCES, FOR EXAMPLE, ON CHILE AND ISRAEL, NEVER FIGURE IN EITHER CUBAN OR ROMANIAN DISCUSSION OF TRADE TERMS. END FYI)
LANE

CONFIDENTIAL

NNN

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC COOPERATION, SUGAR
Control Number: n/a
Copy: SINGLE
Draft Date: 17 feb 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978HAVANA00439
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780076-0221
Format: TEL
From: HAVANA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780243/aaaabjsp.tel
Line Count: 125
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: fcfaa2d4-c288-dd11-92da-001cc4696bcc
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 22 jul 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3564439
Secure: OPEN
Status: NATIVE
Subject: ROMANIAN-CUBAN ECONOMIC RELATIONS
TAGS: ETRD, EPAP, EEWT, CU, RO
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/fcfaa2d4-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014